

SUBSTITUTE FOR
HOUSE BILL NO. 4861

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7cc (MCL 211.7cc), as amended by 2012 PA 114.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 7cc. (1) A principal residence is exempt from the tax
2 levied by a local school district for school operating purposes to
3 the extent provided under section 1211 of the revised school code,
4 1976 PA 451, MCL 380.1211, if an owner of that principal residence
5 claims an exemption as provided in this section. Notwithstanding
6 the tax day provided in section 2, the status of property as a
7 principal residence shall be determined on the date an affidavit
8 claiming an exemption is filed under subsection (2).

9 (2) Except as otherwise provided in subsection (5), an owner
10 of property may claim 1 exemption under this section by filing an
11 affidavit on or before May 1 for taxes levied before January 1,

1 2012 or, for taxes levied after December 31, 2011, on or before
2 June 1 for the immediately succeeding summer tax levy and all
3 subsequent tax levies or on or before November 1 for the
4 immediately succeeding winter tax levy and all subsequent tax
5 levies with the local tax collecting unit in which the property is
6 located. The affidavit shall state that the property is owned and
7 occupied as a principal residence by that owner of the property on
8 the date that the affidavit is signed. The affidavit shall be on a
9 form prescribed by the department of treasury. One copy of the
10 affidavit shall be retained by the owner, 1 copy shall be retained
11 by the local tax collecting unit until any appeal or audit period
12 under this act has expired, and 1 copy shall be forwarded to the
13 department of treasury pursuant to subsection (4), together with
14 all information submitted under subsection (26) for a cooperative
15 housing corporation. The affidavit shall require the owner claiming
16 the exemption to indicate if that owner or that owner's spouse has
17 claimed another exemption on property in this state that is not
18 rescinded or a substantially similar exemption, deduction, or
19 credit on property in another state that is not rescinded. If the
20 affidavit requires an owner to include a social security number,
21 that owner's number is subject to the disclosure restrictions in
22 1941 PA 122, MCL 205.1 to 205.31. If an owner of property filed an
23 affidavit for an exemption under this section before January 1,
24 2004, that affidavit shall be considered the affidavit required
25 under this subsection for a principal residence exemption and that
26 exemption shall remain in effect until rescinded as provided in
27 this section.

1 (3) Except as otherwise provided in subsection (5), a husband
2 and wife who are required to file or who do file a joint Michigan
3 income tax return are entitled to not more than 1 exemption under
4 this section. For taxes levied after December 31, 2002, a person is
5 not entitled to an exemption under this section if any of the
6 following conditions occur:

7 (a) That person has claimed a substantially similar exemption,
8 deduction, or credit on property in another state that is not
9 rescinded.

10 (b) Subject to subdivision (a), that person or his or her
11 spouse owns property in a state other than this state for which
12 that person or his or her spouse claims an exemption, deduction, or
13 credit substantially similar to the exemption provided under this
14 section, unless that person and his or her spouse file separate
15 income tax returns.

16 (c) That person has filed a nonresident Michigan income tax
17 return, except active duty military personnel stationed in this
18 state with his or her principal residence in this state.

19 (d) That person has filed an income tax return in a state
20 other than this state as a resident, except active duty military
21 personnel stationed in this state with his or her principal
22 residence in this state.

23 (e) That person has previously rescinded an exemption under
24 this section for the same property for which an exemption is now
25 claimed and there has not been a transfer of ownership of that
26 property after the previous exemption was rescinded, if either of
27 the following conditions is satisfied:

1 (i) That person has claimed an exemption under this section for
2 any other property for that tax year.

3 (ii) That person has rescinded an exemption under this section
4 on other property, which exemption remains in effect for that tax
5 year, and there has not been a transfer of ownership of that
6 property.

7 (4) Upon receipt of an affidavit filed under subsection (2)
8 and unless the claim is denied under this section, the assessor
9 shall exempt the property from the collection of the tax levied by
10 a local school district for school operating purposes to the extent
11 provided under section 1211 of the revised school code, 1976 PA
12 451, MCL 380.1211, as provided in subsection (1) until December 31
13 of the year in which the property is transferred or, except as
14 otherwise provided in subsection (5), is no longer a principal
15 residence as defined in section 7dd. The local tax collecting unit
16 shall forward copies of affidavits to the department of treasury
17 according to a schedule prescribed by the department of treasury.

18 (5) Except as otherwise provided in this subsection, not more
19 than 90 days after exempted property is no longer used as a
20 principal residence by the owner claiming an exemption, that owner
21 shall rescind the claim of exemption by filing with the local tax
22 collecting unit a rescission form prescribed by the department of
23 treasury. If an owner is eligible for and claims an exemption for
24 that owner's current principal residence, that owner may retain an
25 exemption for not more than 3 tax years on property previously
26 exempt as his or her principal residence if that property is not
27 occupied, is for sale, is not leased, and is not used for any

1 business or commercial purpose by filing a conditional rescission
2 form prescribed by the department of treasury on or before May 1
3 with the local tax collecting unit. Beginning in the 2012 tax year,
4 subject to the payment requirement set forth in this subsection, if
5 a land contract vendor, bank, credit union, or other lending
6 institution owns property as a result of having foreclosed on that
7 property and that property had been exempt under this section
8 immediately preceding the foreclosure, that land contract vendor,
9 bank, credit union, or other lending institution may retain an
10 exemption on that property under this section if that property is
11 not occupied, is for sale, is not leased to any person other than
12 the person who claimed the exemption under this section immediately
13 preceding the foreclosure, and is not used for any business or
14 commercial purpose. A land contract vendor, bank, credit union, or
15 other lending institution may claim an exemption under this
16 subsection by filing a conditional rescission form prescribed by
17 the department of treasury with the local tax collecting unit
18 within the time period prescribed in subsection (2). Property is
19 eligible for a conditional rescission if that property is available
20 for lease and all other conditions under this subsection are met. A
21 copy of a conditional rescission form shall be forwarded to the
22 department of treasury according to a schedule prescribed by the
23 department of treasury. An owner or a land contract vendor, bank,
24 credit union, or other lending institution that files a conditional
25 rescission form shall annually verify to the assessor of the local
26 tax collecting unit on or before December 31 that the property for
27 which the principal residence exemption is retained is not

1 occupied, is for sale, is not leased except as otherwise provided
2 in this section, and is not used for any business or commercial
3 purpose. If an owner or a land contract vendor, bank, credit union,
4 or other lending institution does not annually verify by December
5 31 that the property for which the principal residence exemption is
6 retained is not occupied, is for sale, is not leased except as
7 otherwise provided in this section, and is not used for any
8 business or commercial purpose, the assessor of the local tax
9 collecting unit shall deny the principal residence exemption on
10 that property. Except as otherwise provided in this section,
11 property subject to a conditional rescission is leased, the local
12 tax collecting unit shall deny that conditional rescission and that
13 denial is retroactive and is effective on December 31 of the year
14 immediately preceding the year in which the property subject to the
15 conditional rescission is leased. An owner who fails to file a
16 rescission as required by this subsection is subject to a penalty
17 of \$5.00 per day for each separate failure beginning after the 90
18 days have elapsed, up to a maximum of \$200.00. This penalty shall
19 be collected under 1941 PA 122, MCL 205.1 to 205.31, and shall be
20 deposited in the state school aid fund established in section 11 of
21 article IX of the state constitution of 1963. This penalty may be
22 waived by the department of treasury. If a land contract vendor,
23 bank, credit union, or other lending institution retains an
24 exemption on property under this subsection, that land contract
25 vendor, bank, credit union, or other lending institution shall pay
26 an amount equal to the amount that land contract vendor, bank,
27 credit union, or other lending institution would have paid under

1 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211,
2 if an exemption had not been retained on that property, together
3 with an administration fee equal to the property tax administration
4 fee imposed under section 44. The payment required under this
5 subsection shall be collected by the local tax collecting unit at
6 the same time and in the same manner as taxes collected under this
7 act. The administration fee shall be retained by the local tax
8 collecting unit. The amount collected that the land contract
9 vendor, bank, credit union, or other lending institution would have
10 paid under section 1211 of the revised school code, 1976 PA 451,
11 MCL 380.1211, if an exemption had not been retained on that
12 property shall be distributed to the department of treasury for
13 deposit into the state school aid fund established in section 11 of
14 article IX of the state constitution of 1963. If a land contract
15 vendor, bank, credit union, or other lending institution transfers
16 ownership of property for which an exemption is retained under this
17 subsection, that land contract vendor, bank, credit union, or other
18 lending institution shall rescind the exemption as provided in this
19 section and shall notify the treasurer of the local tax collecting
20 unit of that transfer of ownership. If a land contract vendor,
21 bank, credit union, or other lending institution fails to make the
22 payment required under this subsection for any property, the local
23 tax collecting unit shall deny that conditional rescission and that
24 denial is retroactive and is effective on December 31 of the
25 immediately preceding year. If the local tax collecting unit denies
26 a conditional rescission, the local tax collecting unit shall
27 remove the exemption of the property and any additional taxes,

1 penalties, and interest shall be collected as provided in this
2 section.

3 (6) Except as otherwise provided in subsection (5), if the
4 assessor of the local tax collecting unit believes that the
5 property for which an exemption is claimed is not the principal
6 residence of the owner claiming the exemption, the assessor may
7 deny a new or existing claim by notifying the owner and the
8 department of treasury in writing of the reason for the denial and
9 advising the owner that the denial may be appealed to the
10 residential and small claims division of the Michigan tax tribunal
11 within 35 days after the date of the notice. The assessor may deny
12 a claim for exemption for the current year and for the 3
13 immediately preceding calendar years. **THE ASSESSOR SHALL DETERMINE**
14 **WHETHER THE REASON FOR THE DENIAL IS DUE TO AN ERROR ON THE PART OF**
15 **THE OWNER CLAIMING THE EXEMPTION.** If the assessor denies an
16 existing claim for exemption, the assessor shall remove the
17 exemption of the property and, if the tax roll is in the local tax
18 collecting unit's possession, amend the tax roll to reflect the
19 denial. ~~and~~ **IF THE REASON FOR THE DENIAL IS DUE TO AN ERROR ON THE**
20 **PART OF THE OWNER CLAIMING THE EXEMPTION,** the local treasurer shall
21 within 30 days of the date of the denial issue a corrected tax bill
22 for any additional taxes with interest at the rate of 1.25% per
23 month or fraction of a month and penalties computed from the date
24 the taxes were last payable without interest or penalty. If the tax
25 roll is in the county treasurer's possession, the tax roll shall be
26 amended to reflect the denial. ~~and~~ **IF THE REASON FOR THE DENIAL IS**
27 **DUE TO AN ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION,**

1 the county treasurer shall within 30 days of the date of the denial
2 prepare and submit a supplemental tax bill for any additional
3 taxes, together with interest at the rate of 1.25% per month or
4 fraction of a month and penalties computed from the date the taxes
5 were last payable without interest or penalty. **THE LOCAL TREASURER**
6 **OR, IF THE TAX ROLL IS IN THE COUNTY TREASURER'S POSSESSION, THE**
7 **COUNTY TREASURER SHALL NOT ISSUE A CORRECTED OR SUPPLEMENTAL TAX**
8 **BILL IF THE REASON FOR THE DENIAL IS NOT DUE TO AN ERROR ON THE**
9 **PART OF THE OWNER CLAIMING THE EXEMPTION.** Interest on any tax set
10 forth in a corrected or supplemental tax bill shall again begin to
11 accrue 60 days after the date the corrected or supplemental tax
12 bill is issued at the rate of 1.25% per month or fraction of a
13 month. Taxes levied in a corrected or supplemental tax bill shall
14 be returned as delinquent on the March 1 in the year immediately
15 succeeding the year in which the corrected or supplemental tax bill
16 is issued. If the assessor denies an existing claim for exemption,
17 the interest due shall be distributed as provided in subsection
18 (23). However, if the property has been transferred to a bona fide
19 purchaser before additional taxes were billed to the seller as a
20 result of the denial of a claim for exemption, the taxes, interest,
21 and penalties shall not be a lien on the property and shall not be
22 billed to the bona fide purchaser, and the local tax collecting
23 unit if the local tax collecting unit has possession of the tax
24 roll or the county treasurer if the county has possession of the
25 tax roll shall notify the department of treasury of the amount of
26 tax due, interest, and penalties through the date of that
27 notification. The department of treasury shall then assess the

1 owner who claimed the exemption under this section for the tax,
2 interest, and penalties accruing as a result of the denial of the
3 claim for exemption, if any, as for unpaid taxes provided under
4 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
5 penalty collected into the state school aid fund and shall
6 distribute any interest collected as provided in subsection (23).
7 The denial shall be made on a form prescribed by the department of
8 treasury. If the property for which the assessor has denied a claim
9 for exemption under this subsection is located in a county in which
10 the county treasurer or the county equalization director have
11 elected to audit exemptions under subsection (10), the assessor
12 shall notify the county treasurer or the county equalization
13 director of the denial under this subsection.

14 (7) If the assessor of the local tax collecting unit believes
15 that the property for which the exemption is claimed is not the
16 principal residence of the owner claiming the exemption and has not
17 denied the claim, the assessor shall include a recommendation for
18 denial with any affidavit that is forwarded to the department of
19 treasury or, for an existing claim, shall send a recommendation for
20 denial to the department of treasury, stating the reasons for the
21 recommendation.

22 (8) The department of treasury shall determine if the property
23 is the principal residence of the owner claiming the exemption. The
24 department of treasury may review the validity of exemptions for
25 the current calendar year and for the 3 immediately preceding
26 calendar years. Except as otherwise provided in subsection (5), if
27 the department of treasury determines that the property is not the

1 principal residence of the owner claiming the exemption, the
2 department shall send a notice of that determination to the local
3 tax collecting unit and to the owner of the property claiming the
4 exemption, indicating that the claim for exemption is denied,
5 stating the reason for the denial, **STATING WHETHER THE REASON FOR**
6 **DENIAL IS DUE TO AN ERROR ON THE PART OF THE OWNER CLAIMING THE**
7 **EXEMPTION**, and advising the owner claiming the exemption of the
8 right to appeal the determination to the department of treasury and
9 what those rights of appeal are. The department of treasury may
10 issue a notice denying a claim if an owner fails to respond within
11 30 days of receipt of a request for information from that
12 department. An owner may appeal the denial of a claim of exemption
13 to the department of treasury within 35 days of receipt of the
14 notice of denial. An appeal to the department of treasury shall be
15 conducted according to the provisions for an informal conference in
16 section 21 of 1941 PA 122, MCL 205.21. Within 10 days after
17 acknowledging an appeal of a denial of a claim of exemption, the
18 department of treasury shall notify the assessor and the treasurer
19 for the county in which the property is located that an appeal has
20 been filed. Upon receipt of a notice that the department of
21 treasury has denied a claim for exemption, the assessor shall
22 remove the exemption of the property. ~~and,~~ **IF THE REASON FOR DENIAL**
23 **IS DUE TO AN ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION**
24 **AND** if the tax roll is in the local tax collecting unit's
25 possession, **THE ASSESSOR SHALL** amend the tax roll to reflect the
26 denial and the local treasurer shall within 30 days of the date of
27 the denial issue a corrected tax bill for any additional taxes with

1 interest at the rate of 1.25% per month or fraction of a month and
2 penalties computed from the date the taxes were last payable
3 without interest and penalty. If **THE REASON FOR DENIAL IS DUE TO AN**
4 **ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION AND IF** the
5 tax roll is in the county treasurer's possession, the tax roll
6 shall be amended to reflect the denial and the county treasurer
7 shall within 30 days of the date of the denial prepare and submit a
8 supplemental tax bill for any additional taxes, together with
9 interest at the rate of 1.25% per month or fraction of a month and
10 penalties computed from the date the taxes were last payable
11 without interest or penalty. **IF THE REASON FOR DENIAL IS NOT DUE TO**
12 **AN ERROR ON THE PART OF THE OWNER CLAIMING THE EXEMPTION, THE**
13 **ASSESSOR SHALL AMEND THE TAX ROLL TO REFLECT THE DENIAL, BUT SHALL**
14 **NOT ISSUE A CORRECTED TAX BILL, AND ANY UNPAID TAXES, INTEREST, AND**
15 **PENALTIES SHALL NOT BE A LIEN ON THE PROPERTY.** Interest on any tax
16 set forth in a corrected or supplemental tax bill shall again begin
17 to accrue 60 days after the date the corrected or supplemental tax
18 bill is issued at the rate of 1.25% per month or fraction of a
19 month. The department of treasury may waive interest on any tax set
20 forth in a corrected or supplemental tax bill for the current tax
21 year and the immediately preceding 3 tax years if the assessor of
22 the local tax collecting unit files with the department of treasury
23 a sworn affidavit in a form prescribed by the department of
24 treasury stating that the tax set forth in the corrected or
25 supplemental tax bill is a result of the assessor's classification
26 error or other error or the assessor's failure to rescind the
27 exemption after the owner requested in writing that the exemption

1 be rescinded. Taxes levied in a corrected or supplemental tax bill
2 shall be returned as delinquent on the March 1 in the year
3 immediately succeeding the year in which the corrected or
4 supplemental tax bill is issued. If the department of treasury
5 denies an existing claim for exemption, the interest due shall be
6 distributed as provided in subsection (23). However, if the
7 property has been transferred to a bona fide purchaser before
8 additional taxes were billed to the seller as a result of the
9 denial of a claim for exemption, the taxes, interest, and penalties
10 shall not be a lien on the property and shall not be billed to the
11 bona fide purchaser, and the local tax collecting unit if the local
12 tax collecting unit has possession of the tax roll or the county
13 treasurer if the county has possession of the tax roll shall notify
14 the department of treasury of the amount of tax due and interest
15 through the date of that notification. The department of treasury
16 shall then assess the owner who claimed the exemption under this
17 section for the tax and interest plus penalty accruing as a result
18 of the denial of the claim for exemption, if any, as for unpaid
19 taxes provided under 1941 PA 122, MCL 205.1 to 205.31, and shall
20 deposit any tax or penalty collected into the state school aid fund
21 and shall distribute any interest collected as provided in
22 subsection (23).

23 (9) The department of treasury may enter into an agreement
24 regarding the implementation or administration of subsection (8)
25 with the assessor of any local tax collecting unit in a county that
26 has not elected to audit exemptions claimed under this section as
27 provided in subsection (10). The agreement may specify that for a

1 period of time, not to exceed 120 days, the department of treasury
2 will not deny an exemption identified by the department of treasury
3 in the list provided under subsection (11).

4 (10) A county may elect to audit the exemptions claimed under
5 this section in all local tax collecting units located in that
6 county as provided in this subsection. The election to audit
7 exemptions shall be made by the county treasurer, or by the county
8 equalization director with the concurrence by resolution of the
9 county board of commissioners. The initial election to audit
10 exemptions shall require an audit period of 2 years. Before 2009,
11 subsequent elections to audit exemptions shall be made every 2
12 years and shall require 2 annual audit periods. Beginning in 2009,
13 an election to audit exemptions shall be made every 5 years and
14 shall require 5 annual audit periods. An election to audit
15 exemptions shall be made by submitting an election to audit form to
16 the assessor of each local tax collecting unit in that county and
17 to the department of treasury not later than April 1 preceding the
18 October 1 in the year in which an election to audit is made. The
19 election to audit form required under this subsection shall be in a
20 form prescribed by the department of treasury. If a county elects
21 to audit the exemptions claimed under this section, the department
22 of treasury may continue to review the validity of exemptions as
23 provided in subsection (8). If a county does not elect to audit the
24 exemptions claimed under this section as provided in this
25 subsection, the department of treasury shall conduct an audit of
26 exemptions claimed under this section in the initial 2-year audit
27 period for each local tax collecting unit in that county unless the

1 department of treasury has entered into an agreement with the
2 assessor for that local tax collecting unit under subsection (9).

3 (11) If a county elects to audit the exemptions claimed under
4 this section as provided in subsection (10) and the county
5 treasurer or his or her designee or the county equalization
6 director or his or her designee believes that the property for
7 which an exemption is claimed is not the principal residence of the
8 owner claiming the exemption, the county treasurer or his or her
9 designee or the county equalization director or his or her designee
10 may, except as otherwise provided in subsection (5), deny an
11 existing claim by notifying the owner, the assessor of the local
12 tax collecting unit, and the department of treasury in writing of
13 the reason for the denial and advising the owner that the denial
14 may be appealed to the residential and small claims division of the
15 Michigan tax tribunal within 35 days after the date of the notice.
16 The county treasurer or his or her designee or the county
17 equalization director or his or her designee may deny a claim for
18 exemption for the current year and for the 3 immediately preceding
19 calendar years. If the county treasurer or his or her designee or
20 the county equalization director or his or her designee denies an
21 existing claim for exemption, the county treasurer or his or her
22 designee or the county equalization director or his or her designee
23 shall direct the assessor of the local tax collecting unit in which
24 the property is located to remove the exemption of the property
25 from the assessment roll and, if the tax roll is in the local tax
26 collecting unit's possession, direct the assessor of the local tax
27 collecting unit to amend the tax roll to reflect the denial and the

1 treasurer of the local tax collecting unit shall within 30 days of
2 the date of the denial issue a corrected tax bill for any
3 additional taxes with interest at the rate of 1.25% per month or
4 fraction of a month and penalties computed from the date the taxes
5 were last payable without interest and penalty. If the tax roll is
6 in the county treasurer's possession, the tax roll shall be amended
7 to reflect the denial and the county treasurer shall within 30 days
8 of the date of the denial prepare and submit a supplemental tax
9 bill for any additional taxes, together with interest at the rate
10 of 1.25% per month or fraction of a month and penalties computed
11 from the date the taxes were last payable without interest or
12 penalty. Interest on any tax set forth in a corrected or
13 supplemental tax bill shall again begin to accrue 60 days after the
14 date the corrected or supplemental tax bill is issued at the rate
15 of 1.25% per month or fraction of a month. Taxes levied in a
16 corrected or supplemental tax bill shall be returned as delinquent
17 on the March 1 in the year immediately succeeding the year in which
18 the corrected or supplemental tax bill is issued. If the county
19 treasurer or his or her designee or the county equalization
20 director or his or her designee denies an existing claim for
21 exemption, the interest due shall be distributed as provided in
22 subsection (23). However, if the property has been transferred to a
23 bona fide purchaser before additional taxes were billed to the
24 seller as a result of the denial of a claim for exemption, the
25 taxes, interest, and penalties shall not be a lien on the property
26 and shall not be billed to the bona fide purchaser, and the local
27 tax collecting unit if the local tax collecting unit has possession

1 of the tax roll or the county treasurer if the county has
2 possession of the tax roll shall notify the department of treasury
3 of the amount of tax due and interest through the date of that
4 notification. The department of treasury shall then assess the
5 owner who claimed the exemption under this section for the tax and
6 interest plus penalty accruing as a result of the denial of the
7 claim for exemption, if any, as for unpaid taxes provided under
8 1941 PA 122, MCL 205.1 to 205.31, and shall deposit any tax or
9 penalty collected into the state school aid fund and shall
10 distribute any interest collected as provided in subsection (23).
11 The department of treasury shall annually provide the county
12 treasurer or his or her designee or the county equalization
13 director or his or her designee a list of parcels of property
14 located in that county for which an exemption may be erroneously
15 claimed. The county treasurer or his or her designee or the county
16 equalization director or his or her designee shall forward copies
17 of the list provided by the department of treasury to each assessor
18 in each local tax collecting unit in that county within 10 days of
19 receiving the list.

20 (12) If a county elects to audit exemptions claimed under this
21 section as provided in subsection (10), the county treasurer or the
22 county equalization director may enter into an agreement with the
23 assessor of a local tax collecting unit in that county regarding
24 the implementation or administration of this section. The agreement
25 may specify that for a period of time, not to exceed 120 days, the
26 county will not deny an exemption identified by the department of
27 treasury in the list provided under subsection (11).

1 (13) An owner may appeal a denial by the assessor of the local
2 tax collecting unit under subsection (6), a final decision of the
3 department of treasury under subsection (8), or a denial by the
4 county treasurer or his or her designee or the county equalization
5 director or his or her designee under subsection (11) to the
6 residential and small claims division of the Michigan tax tribunal
7 within 35 days of that decision. An owner is not required to pay
8 the amount of tax in dispute in order to appeal a denial of a claim
9 of exemption to the department of treasury or to receive a final
10 determination of the residential and small claims division of the
11 Michigan tax tribunal. However, interest at the rate of 1.25% per
12 month or fraction of a month and penalties shall accrue and be
13 computed from the date the taxes were last payable without interest
14 and penalty. If the residential and small claims division of the
15 Michigan tax tribunal grants an owner's appeal of a denial and that
16 owner has paid the interest due as a result of a denial under
17 subsection (6), (8), or (11), the interest received after a
18 distribution was made under subsection (23) shall be refunded.

19 (14) For taxes levied after December 31, 2005, for each county
20 in which the county treasurer or the county equalization director
21 does not elect to audit the exemptions claimed under this section
22 as provided in subsection (10), the department of treasury shall
23 conduct an annual audit of exemptions claimed under this section
24 for the current calendar year.

25 (15) Except as otherwise provided in subsection (5), an
26 affidavit filed by an owner for the exemption under this section
27 rescinds all previous exemptions filed by that owner for any other

1 property. The department of treasury shall notify the assessor of
2 the local tax collecting unit in which the property for which a
3 previous exemption was claimed is located if the previous exemption
4 is rescinded by the subsequent affidavit. When an exemption is
5 rescinded, the assessor of the local tax collecting unit shall
6 remove the exemption effective December 31 of the year in which the
7 affidavit was filed that rescinded the exemption. For any year for
8 which the rescinded exemption has not been removed from the tax
9 roll, the exemption shall be denied as provided in this section.
10 However, interest and penalty shall not be imposed for a year for
11 which a rescission form has been timely filed under subsection (5).

12 (16) Except as otherwise provided in subsection (28), if the
13 principal residence is part of a unit in a multiple-unit dwelling
14 or a dwelling unit in a multiple-purpose structure, an owner shall
15 claim an exemption for only that portion of the total taxable value
16 of the property used as the principal residence of that owner in a
17 manner prescribed by the department of treasury. If a portion of a
18 parcel for which the owner claims an exemption is used for a
19 purpose other than as a principal residence, the owner shall claim
20 an exemption for only that portion of the taxable value of the
21 property used as the principal residence of that owner in a manner
22 prescribed by the department of treasury.

23 (17) When a county register of deeds records a transfer of
24 ownership of a property, he or she shall notify the local tax
25 collecting unit in which the property is located of the transfer.

26 (18) The department of treasury shall make available the
27 affidavit forms and the forms to rescind an exemption, which may be

1 on the same form, to all city and township assessors, county
2 equalization officers, county registers of deeds, and closing
3 agents. A person who prepares a closing statement for the sale of
4 property shall provide affidavit and rescission forms to the buyer
5 and seller at the closing and, if requested by the buyer or seller
6 after execution by the buyer or seller, shall file the forms with
7 the local tax collecting unit in which the property is located. If
8 a closing statement preparer fails to provide exemption affidavit
9 and rescission forms to the buyer and seller, or fails to file the
10 affidavit and rescission forms with the local tax collecting unit
11 if requested by the buyer or seller, the buyer may appeal to the
12 department of treasury within 30 days of notice to the buyer that
13 an exemption was not recorded. If the department of treasury
14 determines that the buyer qualifies for the exemption, the
15 department of treasury shall notify the assessor of the local tax
16 collecting unit that the exemption is granted and the assessor of
17 the local tax collecting unit or, if the tax roll is in the
18 possession of the county treasurer, the county treasurer shall
19 correct the tax roll to reflect the exemption. This subsection does
20 not create a cause of action at law or in equity against a closing
21 statement preparer who fails to provide exemption affidavit and
22 rescission forms to a buyer and seller or who fails to file the
23 affidavit and rescission forms with the local tax collecting unit
24 when requested to do so by the buyer or seller.

25 (19) An owner who owned and occupied a principal residence on
26 May 1 for which the exemption was not on the tax roll may file an
27 appeal with the July board of review or December board of review in

1 the year for which the exemption was claimed or the immediately
2 succeeding 3 years. If an appeal of a claim for exemption that was
3 not on the tax roll is received not later than 5 days prior to the
4 date of the December board of review, the local tax collecting unit
5 shall convene a December board of review and consider the appeal
6 pursuant to this section and section 53b. For the 2008 tax year
7 only, an owner of property eligible for a conditional rescission
8 under subsection (5) who did not file a conditional rescission form
9 prescribed by the department of treasury with the local tax
10 collecting unit on or before May 1, 2008 may file an appeal with
11 the 2008 July board of review or 2008 December board of review to
12 claim a conditional rescission for the 2008 tax year. For the 2008
13 and 2009 tax years only, an owner of property classified as timber-
14 cutover real property adjoining or contiguous to that owner's
15 principal residence who did not claim an exemption for the property
16 classified as timber-cutover real property under this section
17 before May 1, 2009 or whose claim for exemption under this section
18 for that property classified as timber-cutover real property was
19 denied before May 1, 2009 may file an appeal with the 2009 December
20 board of review or the 2010 July board of review to claim an
21 exemption under this section for that property classified as
22 timber-cutover real property for the 2008 and 2009 tax years.

23 (20) If the assessor or treasurer of the local tax collecting
24 unit believes that the department of treasury erroneously denied a
25 claim for exemption, the assessor or treasurer may submit written
26 information supporting the owner's claim for exemption to the
27 department of treasury within 35 days of the owner's receipt of the

1 notice denying the claim for exemption. If, after reviewing the
2 information provided, the department of treasury determines that
3 the claim for exemption was erroneously denied, the department of
4 treasury shall grant the exemption and the tax roll shall be
5 amended to reflect the exemption.

6 (21) If granting the exemption under this section results in
7 an overpayment of the tax, a rebate, including any interest paid,
8 shall be made to the taxpayer by the local tax collecting unit if
9 the local tax collecting unit has possession of the tax roll or by
10 the county treasurer if the county has possession of the tax roll
11 within 30 days of the date the exemption is granted. The rebate
12 shall be without interest. If an exemption for property classified
13 as timber-cutover real property is granted under this section for
14 the 2008 or 2009 tax year, the tax roll shall be corrected and any
15 delinquent and unpaid penalty, interest, and tax resulting from
16 that property not having been exempt under this section for the
17 2008 or 2009 tax year shall be waived.

18 (22) If an exemption under this section is erroneously granted
19 for an affidavit filed before October 1, 2003, an owner may request
20 in writing that the department of treasury withdraw the exemption.
21 The request to withdraw the exemption shall be received not later
22 than November 1, 2003. If an owner requests that an exemption be
23 withdrawn, the department of treasury shall issue an order
24 notifying the local assessor that the exemption issued under this
25 section has been denied based on the owner's request. If an
26 exemption is withdrawn, the property that had been subject to that
27 exemption shall be immediately placed on the tax roll by the local

1 tax collecting unit if the local tax collecting unit has possession
2 of the tax roll or by the county treasurer if the county has
3 possession of the tax roll as though the exemption had not been
4 granted. A corrected tax bill shall be issued for the tax year
5 being adjusted by the local tax collecting unit if the local tax
6 collecting unit has possession of the tax roll or by the county
7 treasurer if the county has possession of the tax roll. Unless a
8 denial has been issued prior to July 1, 2003, if an owner requests
9 that an exemption under this section be withdrawn and that owner
10 pays the corrected tax bill issued under this subsection within 30
11 days after the corrected tax bill is issued, that owner is not
12 liable for any penalty or interest on the additional tax. An owner
13 who pays a corrected tax bill issued under this subsection more
14 than 30 days after the corrected tax bill is issued is liable for
15 the penalties and interest that would have accrued if the exemption
16 had not been granted from the date the taxes were originally
17 levied.

18 (23) Subject to subsection (24), interest at the rate of 1.25%
19 per month or fraction of a month collected under subsection (6),
20 (8), or (11) shall be distributed as follows:

21 (a) If the assessor of the local tax collecting unit denies
22 the exemption under this section, as follows:

23 (i) To the local tax collecting unit, 70%.

24 (ii) To the department of treasury, 10%.

25 (iii) To the county in which the property is located, 20%.

26 (b) If the department of treasury denies the exemption under
27 this section, as follows:

1 (i) To the local tax collecting unit, 20%.

2 (ii) To the department of treasury, 70%.

3 (iii) To the county in which the property is located, 10%.

4 (c) If the county treasurer or his or her designee or the
5 county equalization director or his or her designee denies the
6 exemption under this section, as follows:

7 (i) To the local tax collecting unit, 20%.

8 (ii) To the department of treasury, 10%.

9 (iii) To the county in which the property is located, 70%.

10 (24) Interest distributed under subsection (23) is subject to
11 the following conditions:

12 (a) Interest distributed to a county shall be deposited into a
13 restricted fund to be used solely for the administration of
14 exemptions under this section. Money in that restricted fund shall
15 lapse to the county general fund on the December 31 in the year 3
16 years after the first distribution of interest to the county under
17 subsection (23) and on each succeeding December 31 thereafter.

18 (b) Interest distributed to the department of treasury shall
19 be deposited into the principal residence property tax exemption
20 audit fund, which is created within the state treasury. The state
21 treasurer may receive money or other assets from any source for
22 deposit into the fund. The state treasurer shall direct the
23 investment of the fund. The state treasurer shall credit to the
24 fund interest and earnings from fund investments. Money in the fund
25 shall be considered a work project account and at the close of the
26 fiscal year shall remain in the fund and shall not lapse to the
27 general fund. Money from the fund shall be expended, upon

1 appropriation, only for the purpose of auditing exemption
2 affidavits.

3 (25) Interest distributed under subsection (23) is in addition
4 to and shall not affect the levy or collection of the county
5 property tax administration fee established under this act.

6 (26) A cooperative housing corporation is entitled to a full
7 or partial exemption under this section for the tax year in which
8 the cooperative housing corporation files all of the following with
9 the local tax collecting unit in which the cooperative housing
10 corporation is located if filed on or before May 1:

11 (a) An affidavit form.

12 (b) A statement of the total number of units owned by the
13 cooperative housing corporation and occupied as the principal
14 residence of a tenant stockholder as of the date of the filing
15 under this subsection.

16 (c) A list that includes the name, address, and social
17 security number of each tenant stockholder of the cooperative
18 housing corporation occupying a unit in the cooperative housing
19 corporation as his or her principal residence as of the date of the
20 filing under this subsection.

21 (d) A statement of the total number of units of the
22 cooperative housing corporation on which an exemption under this
23 section was claimed and that were transferred in the tax year
24 immediately preceding the tax year in which the filing under this
25 section was made.

26 (27) Before May 1, 2004 and before May 1, 2005, the treasurer
27 of each county shall forward to the department of education a

1 statement of the taxable value of each school district and fraction
2 of a school district within the county for the preceding 4 calendar
3 years. This requirement is in addition to the requirement set forth
4 in section 151 of the state school aid act of 1979, 1979 PA 94, MCL
5 388.1751.

6 (28) For a parcel of property open and available for use as a
7 bed and breakfast, the portion of the taxable value of the property
8 used as a principal residence under subsection (16) shall be
9 calculated in the following manner:

10 (a) Add all of the following:

11 (i) The square footage of the property used exclusively as that
12 owner's principal residence.

13 (ii) 50% of the square footage of the property's common area.

14 (iii) If the property was not open and available for use as a
15 bed and breakfast for 90 or more consecutive days in the
16 immediately preceding 12-month period, the result of the following
17 calculation:

18 (A) Add the square footage of the property that is open and
19 available regularly and exclusively as a bed and breakfast, and 50%
20 of the square footage of the property's common area.

21 (B) Multiply the result of the calculation in sub-subparagraph
22 (A) by a fraction, the numerator of which is the number of
23 consecutive days in the immediately preceding 12-month period that
24 the property was not open and available for use as a bed and
25 breakfast and the denominator of which is 365.

26 (b) Divide the result of the calculation in subdivision (a) by
27 the total square footage of the property.

1 (29) The owner claiming an exemption under this section for
2 property open and available as a bed and breakfast shall file an
3 affidavit claiming the exemption on or before May 1 with the local
4 tax collecting unit in which the property is located. The affidavit
5 shall be in a form prescribed by the department of treasury.

6 (30) As used in this section:

7 (a) "Bed and breakfast" means property classified as
8 residential real property under section 34c that meets all of the
9 following criteria:

10 (i) Has 10 or fewer sleeping rooms, including sleeping rooms
11 occupied by the owner of the property, 1 or more of which are
12 available for rent to transient tenants.

13 (ii) Serves meals at no extra cost to its transient tenants.

14 (iii) Has a smoke detector in proper working order in each
15 sleeping room and a fire extinguisher in proper working order on
16 each floor.

17 (b) "Common area" includes, but is not limited to, a kitchen,
18 dining room, living room, fitness room, porch, hallway, laundry
19 room, or bathroom that is available for use by guests of a bed and
20 breakfast or, unless guests are specifically prohibited from access
21 to the area, an area that is used to provide a service to guests of
22 a bed and breakfast.